Geoffrey Ingham wished to deliver a critical comment on Dodd's article, "Laundering 'money': on the need for conceptual clarity within the sociology of money", AES, XLVI, 3 (2005). We transmitted it to Nigel Dodd who, in return, wrote a rejoinder.

We hope the readers will benefit from this joint effort of clarification. The core of their disagreement lies, paradoxically, in their common admiration of Georg Simmel's main contribution in Philosophie des Geldes.

I

In "Laundering 'money': on the need for conceptual clarity within the sociology of money", (*Archives Européennes de Sociologie*, XLVI, 3 (2005), pp. 387-411, Nigel Dodd tells us that recent work has added further complications to an existing "conceptual muddle" in the sociology of money, and advances a claim to have made matters clearer (Dodd 2005a). The "muddle" is identified in the work of Cohen (2004), Hart (2000), Zelizer (1994, 2000), and in my own book *The Nature of Money* (Ingham 2004). In the same year, Dodd advanced the same critique – at times verbatim, in *Economy and Society* (Dodd 2005b), where, subsequently, I responded to what I take to be the misunderstanding and misrepresentation of my work (Ingham 2006). Here, I will briefly reiterate these objections, focusing mainly on the uncertainty, ambiguity, and consequent incoherence, of Dodd's attempt to identify the specific nature of money. On the one hand, he asserts that "any attempt to build a coherent theoretical conception of money is bound to fail" (p. 387). But, on the other, Dodd also argues that that "greater conceptual clarity can be brought to bear" by making a distinction between the monetary *medium* and money's *denomination* (p. 406). Leaving aside for a moment the fact that such a distinction has been commonplace in monetary theory at least since Plato and Aristotle (see Schumpeter 1994 [1954]), Dodd appears to be unsure, on rather curious intellectual grounds, about the usefulness of his claim to have provided conceptual clarity.

The denomination of money in terms of a money of account (euro, dollar, and so on), he correctly observes, is an *idea*. However, for someone wishing to advance a sociological argument, Dodd draws the puzzling conclusions that any generic conception of money is "essentially fictional" (p. 388); and, consequently, "conceived in this way, 'money' can *never empirically* exist" (p. 409, original emphasis).

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Arch.europ.sociol., XLVIII, 2 (2007), pp. 265-272—0003-9756/07/0000-859$07.50per art + $0.10 per page©2007 *A.E.S.*

https://doi.org/10.1017/S0003975607000367 Published online by Cambridge University Press

Reversing Dodd's logic, I would contend, rather, that it is only with such a socially constructed idea that diverse things such as round pieces of metal, paper, plastic cards, electronic impulses, and so on can empirically exist *as money*. In a brilliant critique of the intellectual foundations of the materialist theory of money that underpinned the nineteenth century gold standard, Mitchell Innes proclaimed that "the eye has never seen, nor the hand touched a dollar''. Rather, all that we can see and touch is something that *represents* a dollar, which is, at one and the same time, both a measure and a unit of abstract value (Innes 1914, p. 155). In a gold standard, for example, the banknote and gold are both money by virtue of their common representation of a dollar.

As I have explained elsewhere (Ingham 2006), Dodd's uncertainty and the resulting incoherence is expressed in his apparent inability to decide whether the unique specificity of money – in his terms, what "counts'' as money – could be somehow derived from myriad different forms. What does he mean, for example, by his statement that "the problem today is not that we cannot agree on a definition of money, but rather that no single definition will suffice'' (p. 387)?

II

Dodd suggests that it is possible to distinguish three "kinds'', or "forms'', of money that now circulate: state currencies, private e-money, and forms used by local communities (1). In discussing Cohen's work, he also refers to the use of currencies outside their state of issue as the "de-territorialization'' of money, as in "dollarization''. Faced with this complexity, Dodd concludes that there is now "no common view of what counts as 'money' in a more general sense'' (p. 387).

It should be noted in passing that monetary fragmentation is not as recent a phenomenon as Dodd implies. Indeed, the territorial coexistence of different sources of issue and the use of money outside the territory of issue is the norm historically (see the discussion of late medieval Europe in Ingham 2004, pp. 107-112, which relies on the work of the great French historian Marc Bloch). For example, despite the early monopolization of issue by the state's mint, not only regional bank notes, but also locally issued coins existed in England well into the nineteenth century (see Davies 1996). At this time, the vexed question of what should count as money was even more vigorously debated than it is today (Wray 1990). A similar controversy

(1) It should be noted that there is no mention of bank money which is produced privately by the creation of deposits by bank lending. This is not the same as the emission of state money, or currency. However, today they are both denominated in the same money of account. See the discussion of work of the French *circuitistes* school of monetary theory and the Post-keynesian theory of "endogenous money'' in Rochon 1999.

https://doi.org/10.1017/S0003975607000367 Published online by Cambridge University Press

occurred during the return to the gold standard in the USA in the late nineteenth century (for a relatively rare example of sociological analysis that shows an understanding of technical monetary issues, see Carruthers and Babb 1996).

Aside from the misidentification of the historical novelty of today's diversity of sources of issue and forms of money, Dodd's perception of a need for conceptual clarity is the result of a self-inflicted confusion. Several quite distinct, imprecisely formulated, issues are tangled together. There is reference to the "diverse nature of "money", different "kinds" of money, and different monetary "forms" (pp. 387-88). However, the way in which these differ and the relations between them is never made clear. The imprecision is compounded by the fact that he distinguishes the different "kinds" of money by issuer (LETS; private companies; states) and not the "forms", or "media", to which he also refers in the same context (currency, electronic money, local tokens, "Nectar" points, and so on). Most importantly, Dodd fails to think through the fundamental question of how we might know that these diverse things are money. It is probably an indication of his uncertainty that "money" is placed in inverted commas in the title of the article and throughout the text. In short, Dodd is plagued by the category error that has been present in monetary theory from the very earliest days – that is to say, the inability to make a clear and secure distinction between essence and form, or genus and species, or genotype and phenotype, and so on. The ontological question of the *nature* of money is distinct, but not separate, from that of the changing forms of monetary media and transmission (2). Moreover, an unambiguous conception of the former is necessary before the second set of questions can be tackled.

It is ironic that Dodd should accuse me of committing this category error that *The Nature of Money* was at pains to identify and avoid. Here, I took my lead from, and elaborated on, Keynes's pellucid formulation of the problem – although, of course, the distinction is much older, as I have already indicated (see Einaudi 1953 [1936], and the references to the medieval distinction between coin and "ghost money" in Wood 2002). The opening page of *A Treatise on Money* begins with the declaration that "money of account is the primary concept in a theory of money" (Keynes 1930, p. 3). Money of account is the abstract measure of value in which prices are expressed and debts contracted. Anticipating Dodd's conceptual innovation by over seventy years, this is distinguished from money media. Money of account is "the title or description" and a monetary medium "answers to the description" (Keynes 1930, p. 4). The means to resolve Dodd's conceptual ambivalence is to be found in the sentence that follows. "If the same thing always

(2) It should also be noted that Dodd uses a conceptual lexicon which is actually ill-suited to the kinds of changes that are taking place in the technology of money. For example, he refers in the time-honoured way to monetary media, but does not acknowledge the difference between *media of exchange* that *circulate* (currencies in Dodd's view) and *media of transmission* that *transport* units of abstract value electronically – credit cards and bank giros – in binary links within vast monetary networks. See the discussion in Ingham 2006.

https://doi.org/10.1017/S0003975607000367 Published online by Cambridge University Press

answered to the same description, the distinction would have no practical interest. But if the thing can change, whilst the description remains the same, then the distinction can be highly significant'' (Keynes 1930, p. 4). Quite simply, we know that a greenback, Bill Clinton's cheque, and Bill Gates's credit card number are all dollars because the functions of money have been, in John Searle's terminology, "collectively assigned'' to these media, using the *idea* of a dollar (Searle 1995).

Essentially, money is socially constructed abstract value which is measured by its own scale of value – in Simmel's formulation, "money is one of those normative ideas that obey the norms that they themselves represent'' (Simmel 1978 [1907], p. 122) (3).

III

I expressed the argument that money's nature comprised two essential features in the following way:

"The test of 'moneyness' depends on the satisfaction of two conditions. These describe the specific functions that are assigned socially and politically in a process whereby money becomes an institutional fact (Searle 1995). Money is uniquely specified as a measure of abstract value (money of account) (Keynes 1930; Grierson 1977; Hicks 1989; Hoover 1996); and as a means of *storing* and *transporting* this abstract value (for means of final payment and settlement)'' (Ingham 2004, p. 70).

I repeated this formulation throughout *The Nature of Money* and used it to guide the account of the historical development of different forms of money, especially capitalist credit-money (Ingham 2004, chapters 5 and 6). I refer to different modes of the production of money, comprising social relations and "the technological means available for the storage and transportation of abstract value – from clay tablets to coins, pen and paper, magnetic traces, and so on'' (Ingham 2004, p. 75). However, Dodd maintains that I "insist on the irrelevance'' of forms of money and, in common with Cohen, Hart and Zelizer, conflate the "two axes of monetary denomination and media'', and "fail to draw a meaningful distinction between "money'' and "currency'' (Dodd 2005 a, p. 406).

IV

Dodd's misplaced critique is driven by his disagreement with my scepticism that alternative currencies in local exchange trading schemes,

(3) "Money is the value of things without the things themselves'' (SIMMEL 1978 [1907], p. 121). See also ORLÉAN (1998): money is *autoréférentielle*.

https://doi.org/10.1017/S0003975607000367 Published online by Cambridge University Press

e-credits issued by corporations and department stores, and internet payments systems represent an effective challenge to money issued by viable states, either singly or in collaboration, as in the euro (Ingham 2004, chapter 9 "New Monetary Spaces") (4). I gave two reasons for this assessment. First, from a historical standpoint, it is undeniable that money is "peculiarly a creation of the state", as Keynes, following Knapp, maintained (Keynes 1930, p. 4). This is because successful states, with an effective monopolization of coercion, exercise their sovereignty by defining what constitutes abstract value (money of account and the corresponding forms) and declaring that this is what they will use as payment for the goods and services that they receive. The imposition of this state currency is facilitated by the state's complementary declaration that this is the only acceptable means of settling tax debts (Knapp 1924 [1907]). Second, the corollary that the significant proliferation of competing sources of issue and complementary forms of money occurs when states are weak or disintegrating is also historically well-founded – for example, Russia after the fall of communism, as brilliantly portrayed in Woodruff's *Money Unmade*; Orléan's study of Germany in the 1920s; and my own sketch of monetary anarchy in Argentina after the sovereign default in 2001 (Woodruff 1999; Ingham 2004, p. 165-174; Orléan 2005). In addition, I also questioned whether some of today's complementary media of exchange were actually autonomous money – that is, *abstract* value denominated in their *own* money of account.

However, rather than confront the empirical adequacy of these arguments directly, Dodd seeks to impugn my understanding of the general theory of money and, by implication, dismiss the reasoning behind my scepticism that state money is threatened with disintegration. He does this by misconstruing my argument that the specificity of money lies in abstract money of account. This leads him to draw the unwarranted conclusion that I am incapable of understanding complementary and alternative media of exchange and payment.

In *The Nature of Money* I mounted an analytical and historical critique of the orthodox economic theory of the "logical origins" of money as the spontaneously evolved solution to the inconveniences of barter that result from the typical absence of a "double coincidence of wants" (Ingham 2004, chapter 1). This conjectural creation myth asserts that traders learn to keep stocks of the most tradable commodities in order to maximise their exchange opportunities. I argued that such "convenient media of exchange" (Keynes 1930, p. 3), used in spot trades, would continue to have variable exchange rates depending on the preferences of the traders. Therefore, they could not provide the single and continuous denomination of abstract measure of value necessary for the construction of price lists and, most importantly, debts contracts that stretched over time (Ingham 2004, pp. 24-5; 2006, p. 260). In other words, a stable uniform measure of value cannot emerge spontaneously from barter exchange. Rather, the construction and imposi-

(4) I answer Dodd's critique of my analysis of the euro in Ingham 2006.

https://doi.org/10.1017/S0003975607000367 Published online by Cambridge University Press

tion of a measure of value/money of account requires the exercise of authority. Most often and for obvious reasons, this has been the work of states, but it needs not be so. For example, private collective agreements to denominate abstract value were common in sixteenth century European commerce (Ingham 2004, chapter 6), and are present some of today's alternative moneys.

However, Dodd mistakenly understands my argument that an authoritatively imposed money of account is needed to overcome anarchy of barter exchange to mean that *only* states can define and issue money. Without any textual support and despite the overwhelming evidence to the contrary in *The Nature of Money*, Dodd maintains that I "insist [that] 'money' is necessarily equivalent to the *official* money-of-account'' (p. 398, original emphasis). This enables him to make the erroneous deduction that my general theory of money only applies to one kind of money-currency (5). He contends, therefore, that as "complementary currencies [...] fall outside of Ingham's definition'', I cannot understand the alternative media that he believes presage the disintegration of states' near monopolization of the issue of money.

Dodd maintains that all the alternative monetary media have their own units of denomination such as the "air miles'' that can be accumulated by frequent air travel and the "Nectar'' points offered by a consortium of retailers. However, as his elaboration of this example shows, the value of these "points'' is determined by an exchange rate with a dominant state money of account. (These exchange rates, it must be stressed, are imposed by the authority of the issuers of the points.) Twelve thousand Nectar points, Dodd explains, "equals a £60 discount or two return flights from the UK to Paris; 9,000 points equals a £45 cordless drill'', and so on (p. 398). These are not money – in the sense of *abstract* purchasing power measured by its *own* scale, as explained above. Rather, the "points'' exist merely as discounts that can be exchanged, within the limits set by the companies that issue them, for cash, or other commodities.

V

Money's "fictional'' nature is its essential characteristic, as Simmel clearly understood. Once again, I am unable to resist quoting Mirowski's acute observation that "the overriding problem of all market-oriented

(5) "All that [Ingham] provides, in the final analysis, is a definition of currency. He does not offer a convincing definition of money'' (p. 399). It should also be noted that Dodd fails to notice that most money in modern societies is not issued by states, but by privately owned banks in the form of loans that create deposits. This money is, however, denominated in the state's money of account.

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societies is to find some means to maintain the working fiction of monetary invariant so that debt contracts (the ultimate locus of value creation...) may be written in terms of the unit at different dates'' (Mirowski, 1991, p. 579; see also Ingham 2004, p. 134). However, the fabrication and maintenance of such a fiction requires authority and legitimacy, as in a gold standard where the authority promises to exchange notes for gold at a fixed rate, or in the belief in the sagacity and practical judgement of a modern central bank to maintain a stable ratio of the money of account with a price index. To be sure, alternative or complementary monetary media have always existed. But, unless states begin to lose authority and legitimacy, these are always to be found near the bottom of the hierarchy of media that is to be found in all monetary systems – currency, bank cheques and credits, promissory notes, certificates of deposit and so on (see Bell 2001). Moreover, it is difficult to conceive of circumstances in which the mere use of alternative monetary media could itself weaken a secure sovereign state and its money.

By conceding, somewhat contradictorily, in his conclusion that my "strategy does suggest a way forward'' (p. 407), Dodd senses the question of what "counts'' as money can be posed two distinct ways. First, the ontological specificity of money and how it differs from all other commodities and media of exchange can be established by *conceptual analysis* of the kind that I undertook in *The Nature of Money*. Second, what "counts'' as an accepted transmitter of abstractly denominated value in any socially and politically circumscribed space is an *empirical question*. Dodd does not clearly differentiate the two issues and, as a result of this uncertainty, he offers but then rejects the well-established conceptual distinction that would have avoided the confusion in the first place.

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